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DEPARTMENT OF THE TREASURY

Alcohol and Tobacco Tax and Trade Bureau

27 CFR Part 9

[Docket No. TTB–2014–0007]

[Notice No.145]

RIN: 1514–AC10

Proposed Expansion of the Sta. Rita Hills Viticultural Area

AGENCY: Alcohol and Tobacco Tax and Trade Bureau, Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Alcohol and Tobacco Tax and Trade Bureau (TTB) proposes to expand the approximately 33,380-acre “Sta. Rita Hills” viticultural area in Santa Barbara County, California, by approximately 2,296 acres. The established Sta. Rita Hills viticultural area and the proposed expansion area are located entirely within the larger Santa Ynez Valley and Central Coast viticultural areas. TTB designates viticultural areas to allow vintners to better describe the origin of their wines and to allow consumers to better identify wines they may purchase. TTB invites comments on this proposed addition to its regulations.

DATES: Comments must be received by [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Please send your comments on this notice to one of the following addresses. Comments submitted by other methods, including e-mail, will not be accepted.

- Internet: <http://www.regulations.gov> (via the online comment form for this notice as posted within Docket No. TTB–2014–0007 at “Regulations.gov,” the Federal e-rulemaking portal);
- U.S. Mail: Director, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, 1310 G Street NW., Box 12, Washington, DC 20005; or
- Hand delivery/courier in lieu of mail: Alcohol and Tobacco Tax and Trade Bureau, 1310 G Street NW., Suite 200–E, Washington, DC 20005.

PLEASE NOTE: See the **Public Participation** section of this notice for specific instructions and requirements for submitting comments, and for information on how to request a public hearing or view or obtain copies of the petition and supporting materials.

FOR FURTHER INFORMATION CONTACT: Karen A. Thornton, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, 1310 G Street NW., Box 12, Washington, DC 20005; phone 202–453–1039, ext. 175.

SUPPLEMENTARY INFORMATION:

Background on Viticultural Areas

TTB Authority

Section 105(e) of the Federal Alcohol Administration Act (FAA Act), 27 U.S.C. 205(e), authorizes the Secretary of the Treasury to prescribe regulations

for the labeling of wine, distilled spirits, and malt beverages. The FAA Act provides that these regulations should, among other things, prohibit consumer deception and the use of misleading statements on labels, and ensure that labels provide the consumer with adequate information as to the identity and quality of the product. The Alcohol and Tobacco Tax and Trade Bureau (TTB) administers the FAA Act pursuant to section 1111(d) of the Homeland Security Act of 2002, codified at 6 U.S.C. 531(d). The Secretary has delegated various authorities through Treasury Department Order 120-01 (Revised), dated December 10, 2013, to the TTB Administrator to perform the functions and duties in the administration and enforcement of this law.

Part 4 of the TTB regulations (27 CFR part 4) allows the establishment of definitive viticultural areas and the use of their names as appellations of origin on wine labels and in wine advertisements. Part 9 of the TTB regulations (27 CFR part 9) sets forth standards for the preparation and submission of petitions for the establishment or modification of American viticultural areas (AVAs) and lists the approved American viticultural areas.

Definition

Section 4.25(e)(1)(i) of the TTB regulations (27 CFR 4.25(e)(1)(i)) defines a viticultural area for American wine as a delimited grape-growing region having distinguishing features as described in part 9 of the regulations and a name and a delineated boundary as established in part 9 of the regulations. These designations allow vintners and consumers to attribute a given quality, reputation, or other characteristic of a wine made from grapes grown in an area

to its geographic origin. The establishment of AVAs allows vintners to describe more accurately the origin of their wines to consumers and helps consumers to identify wines they may purchase. Establishment of an AVA is neither an approval nor an endorsement by TTB of the wine produced in that area.

Requirements

Section 4.25(e)(2) of the TTB regulations (27 CFR 4.25(e)(2)) outlines the procedure for proposing the establishment of an AVA and provides that any interested party may petition TTB to establish a grape-growing region as an AVA. Petitioners may use the same procedures to request changes involving existing AVAs. Section 9.12 of the TTB regulations (27 CFR 9.12) prescribes standards for petitions requesting the modification of AVAs. Petitions to expand an established AVA must include the following:

- Evidence that the region within the proposed expansion area boundary is nationally or locally known by the name of the established AVA;
- An explanation of the basis for defining the boundary of the proposed expansion area;
- A narrative description of the features of the proposed expansion area affecting viticulture, such as climate, geology, soils, physical features, and elevation, that make the proposed expansion area similar to the established AVA and distinguish it from adjacent areas outside the established AVA boundary;
- A copy of the appropriate United States Geological Survey (USGS) map(s) showing the location of the proposed expansion area, with the boundary of the proposed expansion area clearly drawn thereon; and

- A detailed narrative description of the proposed expansion area boundary based on USGS map markings.

Petition to Expand the Sta. Rita Hills Viticultural Area

TTB received a petition from Patrick L. Shabram, on behalf of John Sebastiano Vineyards and Pence Ranch Vineyards, proposing to expand the established Sta. Rita Hills AVA. The Sta. Rita Hills AVA (27 CFR 9.162) was established by T.D. ATF-454, published in the **Federal Register** on May 31, 2001 (66 FR 29476).¹

The Sta. Rita Hills AVA, which covers approximately 33,380 acres, is located in Santa Barbara County, California, between the towns of Lompoc to the west and Buellton to the east. The Sta. Rita Hills AVA and the proposed expansion area are located within the Santa Ynez Valley AVA (27 CFR 9.54), which is also entirely within Santa Barbara County. The Santa Ynez Valley AVA is, in turn, within the larger multicounty Central Coast AVA (27 CFR 9.75). The Sta. Rita Hills AVA and the proposed expansion area do not overlap any other established or proposed AVAs.

The proposed expansion area is located along a portion of the existing eastern boundary of the Sta. Rita Hills AVA. The proposed expansion would move a portion of the AVA's existing boundary further to the east, to a road within a north-to-south canyon, named "Cañada de los Palos Blancos," located west of Buellton. The expansion area contains approximately 2,296 acres and three

¹ The Sta. Rita Hills AVA was originally established under the name "Santa Rita Hills." The AVA name was later abbreviated to "Sta. Rita Hills" in order to prevent possible confusion between wines bearing the Santa Rita Hills appellation and the Santa Rita brand name used by a Chilean winery. For details, see T.D. TTB-37, published in the **Federal Register** on December 7, 2005 (70 FR 72710).

commercial vineyards, two of which are currently divided by the existing AVA boundary (the Rio Vista Vineyard and the John Sebastiano Vineyard).

According to the petition, the climate, topography, soils, and native vegetation of the proposed expansion area are similar to those of the established AVA. Unless otherwise noted, all information and data pertaining to the proposed expansion area contained in this document are from the petition and its supporting exhibits. (The expansion petition, its addendums, and its exhibits are posted for public viewing on the Regulations.gov website (www.regulations.gov) within Docket No. TTB-2014-0007 as “supporting documents.”)

Name Evidence

The petition provides evidence that the proposed expansion area is associated with the name “Sta. Rita Hills.” The name “Sta. Rita Hills” is an abbreviation of “Santa Rita Hills,” which is the name of the major geographical feature of both the established AVA and the proposed expansion area. The petition notes that the USGS Board on Geographic Names defines the geographic feature known as the Santa Rita Hills as a ridge “bound on the south by Santa Ynez River and on the north by Santa Rita Valley, just east of the community of Lompoc.” A 1906 decision card, issued by the USGS Board on Geographic Names to define a geographic feature more specifically, describes the Santa Rita Hills as “[h]ills, between Santa Ynez and Santa Rita Valleys, east of Lompoc, extending to the mouth of the Cañada de los Palos Blancos, Santa Barbara County, Cal.” Evidence provided in the original Sta. Rita Hills petition and discussed in T.D. ATF-454 demonstrates that the hills are still known as the

“Santa Rita Hills,” and that other features within the AVA share the “Santa Rita” name, including the hydrological feature known as the Santa Rita Uplands Basin and the historic Santa Rita Land Grant and Rancho Santa Rita.

As noted above, the petition proposes to move a portion of the existing eastern boundary of the Sta. Rita Hills AVA to a road located within the canyon known as Cañada de los Palos Blancos, and the proposed expansion area does not extend east of that canyon. Therefore, based on the definition of the Santa Rita Hills in the 1906 US Board on Geographic Names decision card, the proposed expansion area is located within the region defined as the Santa Rita Hills. Furthermore, although the boundaries of the proposed expansion area extend north of the Santa Rita Valley and south of the Santa Ynez River, TTB notes that the current Sta. Rita Hills AVA boundary also encompasses land north of the Santa Rita Valley and south of the Santa Ynez River, and the proposed expansion area boundaries do not extend any farther north or south than the current AVA boundaries.

Boundary Evidence

The current eastern boundary of the Sta. Rita Hills AVA resembles a staircase with three “steps” that, progressing in a north-to-south direction, take the AVA’s boundary progressively further to the east. The proposed expansion area abuts the middle and bottom “steps”. The existing boundary’s bottom “step” currently splits the Rio Vista Vineyard, and the middle “step” currently divides the John Sebastiano Vineyard, placing a portion of these two vineyards within the proposed expansion area. The third vineyard within the proposed expansion

area, Pence Ranch, is located east of the John Sebastiano Vineyard and west of the Cañada de los Palos Blancos. The locations of the three vineyards are marked on the map in Exhibit J of the petition.

The proposed expansion area's southeastern-most point marks the beginning point of its boundary and is located at the northeast corner of the bottom "step" formed by the current AVA boundary, at the peak of an unnamed 1,174-foot hilltop, south of Santa Rosa Road. The proposed boundary then proceeds northwest to the intersection of Santa Rosa Road and an unnamed, unimproved road east of a gaging station. The proposed boundary then follows the unimproved road west, crossing the Santa Ynez River, to the 320-foot elevation contour and continues along that meandering contour to an unnamed, unimproved road running along the bottom of the Cañada de los Palos Blancos. The proposed boundary then follows that unimproved road north-northwest through the canyon where the road then intersects with a jeep trail at the 1,635-foot elevation point, and the boundary finally proceeds northwest in a straight line to an unnamed hilltop with an elevation of 1,443 feet. The 1,443-foot elevation point is where the proposed boundary rejoins the current Sta. Rita Hills AVA eastern boundary, at the southeastern corner of the top "step".

Although the terrain immediately to the east of the proposed expansion area is similar to the terrain within the proposed expansion area, the petitioner did not include this land in the proposed expansion area because the area east of the canyon is not known as "Santa Rita Hills." Additionally, farther east beyond the proposed eastern boundary, the flat, level floodplain of the Santa

Ynez River becomes broader and the hills begin to take on a north-south orientation, compared to the east-west orientation of the hills of the proposed expansion area and the Sta. Rita Hills AVA. The area immediately to the south and west of the proposed expansion area is the Sta. Rita Hills AVA, which has similar topography, climate, and soils, which will be discussed later in this document. The area to the north of the proposed expansion area contains the higher elevations of the Purisima Hills, which are also to the north of the current Santa Rita Hills AVA boundary.

Distinguishing Features

According to the petition, the proposed expansion area contains the same climate, topography, soils, and native vegetation that distinguish the established Sta. Rita Hills AVA from the surrounding region. Because the established Sta. Rita Hills AVA is located to the immediate west and south of the proposed expansion area, the distinguishing features of the proposed expansion area will only be contrasted with the regions to the north and east.

Climate

According to the expansion petition and T.D. ATF-454, the defining characteristic of the established Sta. Rita Hills AVA is its cooler, marine-influenced climate. Cool air from the Pacific Ocean moves west-to-east across the Sta. Rita Hills AVA along two paths—the Santa Ynez River and the Santa Rita Valley. The Pacific air travelling through the AVA via the Santa Rita Valley exits the AVA through a narrow gap in the mountains along State Highway 246, which separates the Purisima Hills (to the north of the AVA) from the Santa Rosa

Hills (to the south of the AVA). The marine air moderates the temperatures within the Sta. Rita Hills AVA and also brings nighttime and early-morning fog to the region. The moderated temperatures allow for the production of cool-climate wine grapes such as Chardonnay and Pinot Noir.

TTB notes that T.D. ATF–454 does not include climate data from within the Sta. Rita Hills AVA or the region immediately to the east of the Sta. Rita Hills AVA, which is now the location of the proposed expansion area. Instead, T.D. ATF–454 includes data from Lompoc, the town adjacent to the western border of the AVA, and from Lake Cachuma, which is farther east of the proposed expansion area and within the easternmost portion of the Santa Ynez Valley AVA. TTB notes that Lake Cachuma is near the region that now contains the Happy Canyon of Santa Barbara AVA (27 CFR 9.217). T.D. ATF–454 states that the region around Lake Cachuma is significantly warmer than the Sta. Rita Hills AVA because “the coastal influence is not nearly as pronounced in the Santa Ynez Valley east of Highway 101 and the Buellton Flats.” TTB notes that U.S. Highway 101 runs north-south through the town of Buellton, approximately 4 miles due east of the current Sta. Rita Hills AVA’s eastern boundary, as measured from the point where State Route 246 crosses that boundary as shown on the USGS Los Alamos and Solvang quadrangle maps. Lake Cachuma and the Happy Canyon of Santa Barbara AVA are approximately 15 miles east of Highway 101. T.D.–ATF–454 also states that the regions east of U.S. Highway 101 typically do not grow Pinot Noir or Chardonnay because the climate is more suitable for growing grapes that require “significantly higher temperature * * * for

adequate ripening,” such as Cabernet Sauvignon, Cabernet Franc, Merlot, Sauvignon Blanc, and Mourvedre.

At the time the Sta. Rita Hills AVA was established, viticulture did not exist within the proposed expansion area, and the eastern boundary of the Sta. Rita Hills AVA was believed to be the limit of the marine-moderated climate that was suitable for growing cool-climate wine grapes such as Pinot Noir. However, three vineyards are now established within the proposed expansion area, and all three vineyards grow Pinot Noir, demonstrating that a marine-moderated climate does extend beyond the existing eastern boundary of the Sta. Rita Hills AVA.

Additionally, marine fog is common within the proposed expansion area at night and in the early morning during the growing season, as it is within the Sta. Rita Hills AVA. As evidence, the petition includes a photo of fog settled over the Pence Ranch Vineyards, the easternmost vineyard within the proposed expansion area.

The petition also includes temperature data from five weather stations located within the Sta. Rita Hills AVA (Locations A, B, C, D, and E), one weather station located within the proposed expansion area (Location F, between the John Sebastiano Vineyard and the Pence Ranch Vineyard), and one weather station (Location G) within the Ballard Canyon AVA (27 CFR 9.230). TTB notes that the Ballard Canyon AVA is approximately 4 miles northeast of Buellton and is closer to the Sta. Rita Hills AVA and the proposed expansion area than Lake Cachuma is. The locations of each of the weather stations are shown on a map in Exhibit G of the expansion petition. Table 1, shown below, lists the growing

season (April through October) degree day heat summations² for the seven weather stations. Although the petition also includes data from 2007, 2010, and 2011 for Locations A, B, E, and G, Table 1 includes only data from 2008 and 2009 because those are the only two years for which data was available from all seven stations. The additional temperature data is in the petition, which may be viewed online at the Regulations.gov website (www.regulations.gov) within Docket No. TTB–2014–0007.

Table 1				
Location		2008	2009	Average
Sta. Rita Hills AVA	Location A	2,869	2,786	2,827
	Location B	2,997	2,967	2,982
	Location C	3,008	2,944	2,976
	Location D	3,249	3,146	3,197
	Location E	3,363	3,306	3,334
Proposed Expansion Area (Location F)		3,321	3,245	3,283
Ballard Canyon AVA (Location G)		3,859	3,702	3,780

² Heat summations were calculated using the Growing Degree Day Method, which calculates degree day units based on an average daily temperature and uses the base temperature of 50 degrees Fahrenheit (F) as the minimum possible temperature. To calculate the degree day units for a given day, the day's highest temperature is added to either the day's lowest temperature or the base temperature of 50, whichever is higher, and then divided by 2. The difference between the resulting number and 50 is the number of degree day units assigned to that day. For example, if the highest temperature for a given day is 70 degrees F and the lowest temperature is 40 degrees F, the Growing Degree Day method would calculate the average temperature as $(70+50) \div 2 = 60$, and that day would be assigned 10 degree day units (60 is 10 more than the base of 50). This method contrasts with the Winkler heat summation method, which uses the sum of the average monthly high temperature above the base of 50 degree F multiplied by 30 days per month during the growing season of April through October. The petition states that the Growing Degree Day Method often results in a higher degree day unit total than the Winkler method. As an example, Station E had a heat summation of 2,751 degree days in 2010 using the Growing Degree Day Method, but had 2,677 degree days in 2010 using the Winkler method.

The data in Table 1 shows that within the Sta. Rita Hills AVA, degree day unit accumulation varies depending on the location. Locations in the western portion of the AVA accumulate fewer degree day units over the course of the growing season than locations in the eastern portion, and all locations within the Sta. Rita Hills AVA have fewer degree day units than the Ballard Canyon AVA farther to the east.

The table also shows that the proposed expansion area is cooler than the Ballard Canyon AVA and warmer than most locations within the Sta. Rita Hills AVA except Location E, which is located in the southeastern portion of the Sta. Rita Hills AVA, directly south of the proposed expansion area. Although only data from 2008 and 2009 is included in Table 1, the petition includes additional data gathered from the Location E station during 2007, 2010, and 2011 that shows Location E has consistently warmer temperatures than the other locations within the Sta. Rita Hills AVA. A map of current vineyard locations within the Sta. Rita Hills AVA, included as Exhibit J of the petition, shows the Location E station is in an area of active viticulture with at least five vineyards nearby. An internet search by TTB showed that all of the vineyards shown on Exhibit J as being near the Location E station grow Pinot Noir, indicating that even though the temperatures near the Location E station may be warmer than other locations within the Sta. Rita Hills AVA, the temperatures are still cool enough to allow for the production of cool-climate grapes such as Pinot Noir that are characteristic of the AVA.

Finally, the data also shows that degree day unit accumulations within the Sta. Rita Hills AVA are not entirely uniform and generally increase from east to west. For instance, there is a difference of 507 degree days between the average accumulations for the coolest station, Location A, and the warmest station, Location E. By comparison, the difference between the average accumulations for Location A and Location F, located within the proposed expansion area, is 456, placing the proposed expansion area within the degree day range found within the existing Sta. Rita Hills AVA.

The petition also included graphs showing the average monthly high temperatures for the same seven locations during the 2008 and 2009 growing seasons. The graphs indicate that the average monthly highs for the proposed expansion area are within the range of temperatures for the five stations within the existing Sta. Rita Hills AVA. Additionally, the average October highs within the proposed expansion area and the five Sta. Rita Hills locations were almost identical for both years, with temperatures ranging from 80 to 81 degrees F for 2008 and approximately 75 to 76 degrees F for 2009.

At the time the petition was submitted, climate data from within the proposed expansion area was only available from 2008 and 2009. However, in 2012, a private weather station was placed at the Pence Ranch Vineyards within the proposed expansion area (Location H), slightly farther to the east than the previous weather station located within the proposed expansion area (Location F). The year for which data from an entire growing season was available was 2013, and the petitioner submitted the data as Addendum 5 to the

petition. Growing season data for 2013 was also gathered from two weather stations previously used, Location D (John Sebastiano Vineyards, within the Sta. Rita Hills AVA) and Location G (within the Ballard Canyon AVA). Location D was chosen because it was the easternmost weather station still existing within the Sta. Rita Hills AVA and could be expected to have temperatures similar to that of the proposed expansion area. Table 2, shown below, compares the degree day heat summations for the three stations.

Table 2	
Location	2013 Degree Day Heat Summation
Proposed expansion area (Location H)	3,318
Sta. Rita Hills AVA (Location D)	3,169
Ballard Canyon (Location G)	3,797

Although the 2013 degree day heat summations within the proposed expansion area are greater than those from the station within the Sta. Rita Hills, the summations are more similar to those within the established AVA than those within the Ballard Canyon AVA, farther to the east. There is only a 4.7 percent difference between the 2013 summations for the proposed expansion area (Location H) and the Sta. Rita Hills AVA (Location D), while the 2013 summations for the Ballard Canyon AVA (Location G) are 14.4 percent higher than those of the proposed expansion area. The petitioner notes that the 4.7 percent difference between Location H and Location D is within the variability found in the analysis of temperature data from locations solely within the Sta. Rita Hills. For example, degree day heat summations from 2008–2011 at

Location E, in the southeastern corner of the AVA, were an average of 5.1 percent higher than those at Location D, in the northeastern corner of the AVA. The petitioner also states that the 2013 degree day heat summations for Location H, within the proposed expansion area, are lower than both the 2007 and 2008 summations for Location E, which were 3,360 and 3,363, respectively. These comparisons demonstrate that while the proposed expansion area may accumulate more degree days than several of the weather station locations within the Sta. Rita Hills AVA, there are locations within the AVA that do reach higher annual degree day summations than the proposed expansion area.

Finally, the petitioner submitted two graphs showing the 2013 daily degree day accumulation for Locations D, H, and G. The graphs show that although Location H (within the proposed expansion area) has a higher growing season degree day accumulation than Location D (within the existing Sta. Rita Hills AVA), degree day accumulations are similar for the two stations for every date, with many dates showing identical numbers and a few showing slightly lower accumulations at Location H. By contrast, the graph comparing the proposed expansion area (Location H) to Ballard Canyon (Location G) shows a significantly higher daily degree day total for Ballard Canyon, very few days showing close to or equal degree totals, and no days showing fewer totals for Ballard Canyon. In sum, this data further demonstrates that the temperatures within the proposed expansion area are more similar to those of the Sta. Rita Hills AVA than those of the regions farther to the east, such as the Ballard Canyon AVA.

Topography

T.D. ATF-454 describes the topography of the Sta. Rita Hills AVA as “an oak-studded, hill-laden maritime throat that runs east to west, a few miles east of Lompoc to a few miles west of the Buellton Flats.” Elevations within the AVA range from approximately 180 feet to 1,700 feet. The Santa Ynez River and its floodplain valley run east-to-west through the southern portion of the AVA, and the east-to-west Santa Rita Valley is in the northern portion of the AVA. The river and the Santa Rita Valley provide conduits for cool Pacific Ocean air to enter and travel across the AVA. East of the Santa Rita Valley is the narrow wind gap that separates the Purisima Hills from the Santa Rosa Hills.

After the marine air exits the AVA, either via the wind gap or the Santa Ynez River valley, it becomes warmer and drier as it travels farther inland. Because of the difficulty in pinpointing an exact point at which the cool marine air characteristic of the AVA begins to diminish, T.D. ATF-454 states that the original eastern boundary was drawn based on “viticultural viability (primarily hillside and alluvial basin plantings) and the coastal influence suitable for cool-climate still winegrape production.”

The proposed expansion is comprised primarily of rolling hills. As noted above, the U.S. Board of Geographic Names considers the proposed expansion area to be geographically part of the Santa Rita Hills. The southeastern corner of the proposed expansion area does include a small portion of the flatter Santa Ynez River alluvial floodplain, between State Highway 246 and Santa Rosa Road, where the floodplain narrows significantly. Elevations within the proposed

expansion area range from 280 feet along the Santa Ynez River to a 1,443-foot hilltop where the northern boundary of the expansion area rejoins the existing Sta. Rita Hills AVA boundary.

The proposed expansion area's location along the Santa Ynez River and directly east of the Santa Rita wind gap allows cooling marine air to enter the proposed expansion region. The expansion petition speculates that the original Sta. Rita Hills eastern boundary was drawn where the valley of the Santa Ynez River narrows significantly because it was presumed at the time of the original petition that the narrowing of the valley restricted the flow of cool air from moving farther east. However, the expansion petition states that the narrowing of the valley instead acts as a funnel and intensifies the movement of cool air inland. Additionally, the small wind gap east of the Santa Rita valley provides an additional channel for cool air reach the proposed expansion area.

Soils

T.D. ATF-454 states that the most common soil types within the Sta. Rita Hills AVA are "loams, sandy loams, silt loams, and clay loams" which contain "large percentages of dune sand, marine deposits, recent alluvium, river wash, and terrace deposits * * *." T.D. ATF-454 contrasts these soils types with those of the region farther to the east, which contain "a higher percentage of gravelly and clay loams."

According to the expansion petition, "[w]ithin the Sta. Rita Hills AVA, no one soil type is dominant and a wide variety of soils exist * * *." However, the soils of the proposed expansion area are "not inconsistent with" the soils of the

Sta. Rita Hills AVA. An analysis of soils from the Pence Ranch Vineyard conducted by Terra Spase, a leading viticulture analysis company, showed that the surface soils were primarily of loam and clay, with pockets of silty clay loam and loam. Subsurface soils range from clay to sandy clay loam.

A map included with the petition and based on a National Resource Conservation Service soil survey also shows that the soils within the proposed expansion area are consistent with those of the Sta. Rita Hills AVA. The map shows that the most prevalent soils within the proposed expansion area are of the Tierra, Linne, and Chamise series, which are also prevalent in the region of the Sta. Rita Hills AVA adjacent to the proposed expansion area. Other soil series found in both the proposed expansion area and the Sta. Rita Hills AVA include Corralitos, Arnold Sand, and Mocho series. The map further indicates that the most prevalent soil series (Tierra, Linne and Chamise series) in the proposed expansion area are not as prevalent farther to the east, near Buellton.

In summary, the expansion petition states that although no one type of soil dominates both the Sta. Rita Hills AVA and the proposed expansion area, the soils do further demonstrate the similarities between the proposed expansion area and the Sta. Rita Hills AVA.

Native Vegetation

T.D. ATF-454 describes the hillsides of the Sta. Rita Hills AVA as “oak-studded.” Oak trees are also present within the proposed expansion area. Although T.D. ATF-454 mentions that the hills of the Sta. Rita Hills AVA are covered with oaks, the expansion petition further explains that with regard to the

oaks in the established AVA, the majority of them are live oaks. By contrast, the petition continues, valley oaks become more numerous in the warmer regions east of U.S. Highway 101, and live oaks are virtually absent, for example, within the Happy Canyon of Santa Barbara AVA, approximately 8 miles east of Buellton. The petitioner states that, consistent with the established AVA, live oaks, but not valley oaks, are present within the proposed expansion area, providing further evidence that growing conditions are similar within the proposed expansion area and the existing Sta. Rita Hills AVA.

Comparison of the Proposed Sta. Rita Hills AVA Expansion Area to the Existing Santa Ynez Valley and Central Coast AVAs

Santa Ynez Valley AVA

The Santa Ynez Valley AVA was established by T.D. ATF–132, published in the **Federal Register** on April 15, 1983 (48 FR 16252). The Santa Ynez Valley AVA encompasses the Sta. Rita Hills AVA, as well as the Ballard Canyon AVA and the Happy Canyon of Santa Barbara AVA.

According to T.D. ATF–132, the Santa Ynez Valley AVA is the valley that contains the Santa Ynez River and is bound by the Purisima Hills and San Rafael Mountains to the north, Lake Cachuma and the Los Padres National Forest to the east, the Santa Ynez Mountains to the south, and the Santa Rita Hills to the west. Vineyards are planted on elevations ranging from 200 feet along the Santa Ynez River to 1,500 feet in the foothills of the San Rafael Mountains. The Santa Ynez Valley AVA has less marine influence from the Pacific Ocean than the more coastal regions to the west because the hills to the west of the region prevent much of the marine influence from reaching deep into the valley, resulting in a

less moderated climate and overall warmer temperatures than those of areas closer to the coast. However, even without a heavy marine influence, fog is still common at elevations between 1,000 and 1,200 feet.

The proposed expansion area has elevations similar to those of the larger Santa Ynez Valley AVA. However, because of its smaller size, the proposed expansion area lacks the diversity of topography found within the larger AVA. The gently rolling hills of the proposed expansion area are more similar to the Sta. Rita Hills AVA. Like the larger Santa Ynez Valley AVA, the proposed expansion area is also warmer than regions closer to the coast. However, the proposed expansion area is cooler and receives more marine influence and fog than the Ballard Canyon and Happy Canyon of Santa Barbara AVAs farther to the east within the Santa Ynez Valley AVA, making the climate of the proposed expansion area similar to that of the Sta. Rita Hills AVA.

Central Coast AVA

The large, 1 million-acre Central Coast AVA was established by T.D. ATF-216, published in the **Federal Register** on October 24, 1985 (50 FR 43128). The Central Coast AVA encompasses all or portions of the California counties of Santa Barbara, San Luis Obispo, Monterey, San Benito, Santa Cruz, Santa Clara, San Mateo, Contra Costa, and San Francisco, and it contains 28 established AVAs. T.D. ATF-216 describes the Central Coast AVA as extending from Santa Barbara in the south to the San Francisco Bay area in the north, and east from the Pacific coast line to the California Coastal Ranges. The only distinguishing feature of the California Coast AVA addressed in T.D. ATF-216 is

that the included counties experience marine climate influence due to their proximity to the Pacific Ocean.

Both the proposed expansion area and the Sta. Rita Hills AVA have marine-influenced climates, with cooler temperatures and more fog than regions farther inland. However, neither the proposed expansion area nor the Sta. Rita Hills AVA is as cool and wet as the regions within the Central Coast AVA that are closer to the coastline.

TTB Determination

TTB concludes that the petition to expand the boundaries of the established Sta. Rita Hills AVA merits consideration and public comment, as invited in this notice of proposed rulemaking.

Boundary Description

See the narrative boundary description of the petitioned-for expansion area in the proposed regulatory text published at the end of this proposed rule.

Maps

The petitioner provided the required maps, and they are listed below in the proposed regulatory text.

Impact on Current Wine Labels

Part 4 of the TTB regulations prohibits any label reference on a wine that indicates or implies an origin other than the wine's true place of origin. For a wine to be labeled with a viticultural area name or with a brand name that includes an AVA name, at least 85 percent of the wine must be derived from grapes grown within the area represented by that name, and the wine must meet

the other conditions listed in 27 CFR 4.25(e)(3). If the wine is not eligible for labeling with an AVA name and that name appears in the brand name, then the label is not in compliance and the bottler must change the brand name and obtain approval of a new label. Similarly, if the AVA name appears in another reference on the label in a misleading manner, the bottler must remove or revise the misleading reference and obtain approval of a new label. Different rules apply if a wine has a brand name containing an AVA name or other viticulturally significant term that was used as a brand name on a label approved before July 7, 1986. See 27 CFR 4.39(i)(2) for details.

The approval of the proposed expansion of the Sta. Rita Hills AVA would not affect any other existing viticultural area, and would not affect any bottlers currently and properly using “Sta. Rita Hills,” “Santa Ynez Valley,” or “Central Coast” as an appellation of origin or in a brand name. The expansion of the Sta. Rita Hills AVA merely would allow vintners to use “Sta. Rita Hills” as an appellation of origin for wines made with grapes grown within the proposed expansion area if the wines otherwise meet the eligibility requirements for the use of the appellation.

Public Participation

Comments Invited

TTB invites comments from interested members of the public on whether it should expand the Sta. Rita Hills AVA as proposed. TTB is specifically interested in receiving comments on the similarity of the proposed expansion area to the established Sta. Rita Hills AVA. In addition, given the location of the

proposed expansion area and the Sta. Rita Hills AVA within the existing Santa Ynez Valley and Central Coast AVAs, TTB is interested in comments on whether the evidence submitted in the petition regarding the distinguishing features of the proposed expansion area sufficiently differentiates it from the existing Santa Ynez Valley and Central Coast AVAs.

Please note: (1) All commenters should read carefully the “General Rules for Commenting” and “Addresses for Submitting Comments” sections below. TTB will accept only those comments sent by one of three approved methods noted below. Comments sent by e-mail, FAX, or any other unapproved method will not be considered by TTB.

(2) If you submitted correspondence to TTB regarding this matter prior to the publication of this document and you wish your correspondence to be considered by TTB as a comment, please resubmit your original or revised correspondence by one of the three approved methods noted below.

General Rules for Commenting

- Please submit your comment to TTB on or before the comment period closing date of [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]. Comments sent by U.S. mail must be postmarked on or before the comment period closing date.
- Please provide specific information in support of your comments. Mere statements of opposition to or support for this proposal are not helpful to TTB in evaluating the merits of the expansion petition and its evidence.

- Your comment must reference Notice No. 145 and include your name and mailing address. TTB does not accept anonymous comments.

- Your comment must be in English, be legible, and be written in language acceptable for public disclosure. Please note that, as explained below, all comments sent to TTB are part of the public record and will be made available for public viewing.

- TTB does not acknowledge receipt of comments, and TTB considers all comments as originals.

- In your comment, please clearly state if you are commenting for yourself or on behalf of an association, business, or other entity. If you are commenting on behalf of an entity, your comment must include the entity's name as well as your name and position title. If you comment via Regulations.gov, please also enter the entity's name in the "Organization" blank of the online comment form. If you comment via postal mail or hand delivery/courier, please submit your entity's comment on letterhead.

Submitting Comments

You may submit comments on this notice of proposed rulemaking by using one of the three methods listed below. Comments sent by other methods, including e-mail or FAX, will not be considered by TTB.

- Federal e-Rulemaking Portal: You may send comments via the online comment form posted with this notice within Docket No. TTB-2014-0007 on "Regulations.gov," the Federal e-rulemaking portal, at <http://www.regulations.gov>. A direct link to that docket is available under Notice No. 145 on the TTB Web site

at <http://www.ttb.gov/wine/wine-rulemaking.shtml>. Supplemental files may be attached to comments submitted via Regulations.gov.

- Please note: You will know that your comment has been successfully submitted if you receive a tracking number from the Regulations.gov system (for example “1jy-89zb-i7k5”). Your comment will not immediately appear on Regulations.gov for public viewing since TTB first evaluates all comments before posting them publically to the Regulations.gov website. For complete instructions on how to use Regulations.gov, visit the site and click on the “Help” tab.

- U.S. Mail: You may send comments via postal mail to the Director, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, 1310 G Street NW., Box 12, Washington, DC 20005.

- Hand Delivery/Courier: You may hand-carry your comments or have them hand-carried to the Alcohol and Tobacco Tax and Trade Bureau, 1310 G Street NW., Suite 200-E, Washington, DC 20005.

You may also write to the Administrator before the comment closing date to ask for a public hearing. The Administrator reserves the right to determine whether to hold a public hearing.

Confidentiality

All submitted comments and attachments are part of the public record and subject to disclosure. Do not enclose any material in your comments that you consider to be confidential or inappropriate for public disclosure.

Public Disclosure

TTB will post, and you may view, copies of this notice, the proposed Sta. Rita Hills expansion petition, its addendums and exhibits, the original Sta. Rita Hills petition and its exhibits, and any public comments received about this proposal on the Federal e-rulemaking portal, Regulations.gov (<http://www.regulations.gov>), within Docket No. TTB–2014–0007. A direct link to that docket is available on the TTB Web site at http://www.ttb.gov/wine/wine_rulemaking.shtml under Notice No. 145. You may also reach the relevant docket through the Regulations.gov search page at <http://www.regulations.gov>. For information on how to use Regulations.gov, click on the site’s “Help” tab.

All posted comments will display the commenter’s name, organization (if any), city, and State, and, in the case of mailed comments, all address information, including e-mail addresses. TTB may omit voluminous attachments or material that the Bureau considers unsuitable for posting.

You may also view copies of this notice of proposed rulemaking, all related petitions, maps and other supporting materials, and any comments that TTB receives about this proposal by appointment at the TTB Information Resource Center, 1310 G Street NW., Washington, DC 20005. You may also obtain copies at 20 cents per 8.5- x 11-inch page. Please note that TTB is unable to provide copies of USGS maps or similarly sized documents that may have been submitted as part of either the original Sta. Rita Hills petition or the petition to expand the Sta. Rita Hills AVA. Contact TTB’s information specialist

at the above address or by telephone at 202–453–2270 to schedule an appointment or to request copies of comments or other materials.

Regulatory Flexibility Act

TTB certifies that this proposed regulation, if adopted, would not have a significant economic impact on a substantial number of small entities. The proposed regulation imposes no new reporting, recordkeeping, or other administrative requirement. Any benefit derived from the use of a viticultural area name would be the result of a proprietor's efforts and consumer acceptance of wines from that area. Therefore, no regulatory flexibility analysis is required.

Executive Order 12866

It has been determined that this proposed rule is not a significant regulatory action as defined by Executive Order 12866 of September 30, 1993. Therefore, no regulatory assessment is required.

Drafting Information

Karen A. Thornton of the Regulations and Rulings Division drafted this notice of proposed rulemaking.

List of Subjects in 27 CFR Part 9

Wine.

Proposed Regulatory Amendment

For the reasons discussed in the preamble, TTB proposes to amend title 27, chapter I, part 9, Code of Federal Regulations, as follows:

PART 9—AMERICAN VITICULTURAL AREAS

1. The authority citation for part 9 continues to read as follows:

Authority: 27 U.S.C. 205.

Subpart C—Approved American Viticultural Areas

2. Section 9.162 is amended by adding paragraph (b)(6), revising paragraphs (c)(3)–(6), redesignating paragraphs (c)(7)–(19) as paragraphs (c)(8)–(20), and adding a new paragraph (c)(7) to read as follows:

§ 9.162 Sta. Rita Hills.

* * * * *

(b) * * *

(6) “Zaca Creek, Calif.,” edition of 1959.

(c) * * *

(3) Proceed west-northwest in a straight line 0.5 mile to the intersection of Santa Rosa Road and an unnamed, unimproved road that runs just north of a marked gaging station.

(4) Proceed west along the unnamed, unimproved road approximately 0.4 mile to a “T” intersection with an unnamed, unimproved road and the 320-foot elevation contour, Santa Rosa Land Grant, T. 6N, R. 32W.

(5) Proceed northwest along the 320-foot elevation contour, crossing onto the Santa Rosa Hills, Calif., Quadrangle U.S.G.S. map, then continue northwest, north, and northeast along the meandering 320-foot elevation contour for approximately 1.2 miles, crossing onto the Solvang, Calif., Quadrangle U.S.G.S. map, and continue east then north along the 320-foot elevation contour approximately 0.5 miles, crossing onto the Zaca Creek, Calif., Quadrangle U.S.G.S. map, to the intersection of the 320-foot elevation contour with an unnamed, unimproved north-south road that follows the length of the Cañada de los Palos Blancos, San Carlos de Jonata Land Grant, T. 6N, R. 32W.

(6) Proceed north-northwest along the unnamed, unimproved road 1.2 miles, crossing onto the Los Alamos, Calif., Quadrangle U.S.G.S. map, and continue along the road 1.3 miles to the marked 635-foot elevation point at the intersection of the road and a 4-wheel drive trail, San Carlos de Jonata Land Grant, T. 7N, R. 32W.

(7) Proceed northwest in a straight line approximately 1.3 miles to an unnamed hilltop, elevation 1443 feet. Section 20, T. 7N, R. 32W.

* * * * *

Signed: July 31, 2014.

John J. Manfreda,

Administrator.